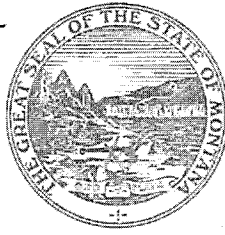


# Montana Public Service Commission

ENERGY &  
TELECOMMUNICATIONS  
INTERIM COMMITTEE 2021-22

July 23, 2021

Exhibit 13



James Brown, Chairman  
Brad Johnson, Vice Chairman  
Tony O'Donnell, Commissioner  
Randall Pinocci, Commissioner  
Jennifer Fielder, Commissioner

## CORRECTIVE ACTIONS TO THE 2019-20 FINANCIAL AUDIT

### RECOMMENDATION #1

*Comply with internal policies and develop a plan to improve culture*

- ☒ Require Agency Coordinating Team (ACT) to hold a brainstorming session
- ☒ Commence Strategic Planning Initiative
- ☐ Establish Strategic Plan (Work In Progress)
- ☒ Restructure organization to improve accounting function oversight
- ☒ Hire new Executive Director with audit compliance responsibilities
- ☒ Hire new Business Manager to manage daily fiscal, inventory, and HR matters
- ☒ Hire CPA to serve in an advisory/assurance role
- ☒ Establish a committee to revise policies/procedures
- ☐ Revise Internal Operations Manual (drafting underway/adoption planned by Oct 1)
- ☐ Revise ethics standards (drafting underway/adoption planned by Oct 1)
- ☐ Revise Commissioner travel policies (drafting underway/adoption planned by Oct 1)
- ☒ Prohibit Commissioner P-card usage
- ☐ Revise Commissioner expenditure approval processes (drafting underway/adoption planned by Oct 1)
- ☐ Develop and complete agency-wide risk assessment (ongoing)

## RECOMMENDATION #2

*Develop internal controls over travel, inventory, procurement/P-Cards, and uncollectible receivables*

- ☒ Restructure organization to improve accounting function oversight
- ☒ Hire new Executive Director to oversee accounting and internal controls
- ☒ Hire new Business Manager to implement accounting and internal controls
- ☒ Hire CPA to serve in an advisory/assurance role
- ☒ Establish a committee to revise policies/procedures
- ☐ Revise Internal Operations Manual (drafting underway/adoption planned by Oct 1)
- ☐ Revise internal control policies to follow the federal GreenBook (drafting underway/adoption planned by Oct 1)
- ☐ Require the ACT to annually review internal controls (drafting underway/adoption planned by Oct 1)
- ☐ Develop and complete agency-wide risk assessment (ongoing)
- ☐ Revise travel policies, including documentation and approval requirements (underway/adoption planned by Oct 1)
- ☐ Revise inventory policies, including surplus policies (drafting underway/adoption planned by Oct 1)
- ☒ Designate new inventory manager
- ☒ Conduct annual inventory review
- ☐ Revise procurement policies, including P-card policies (underway/adoption planned by Oct 1)
- ☒ Designate new Agency Procurement Officer (APO)
- ☒ Send APO to Dept. of Admin/Procurement Bureau training
- ☒ Establish a contract with DOA to implement the Total Contract Manager (TCM) system
- ☐ Implement TCM and related training (ongoing – expected by Oct 15)
- ☐ Revise uncollectible receivables policies (drafting underway/adoption planned by Oct 1)
- ☐ Establish MOU with Dept. of Rev/Collections Bureau (ongoing)
- ☒ Initiate rulemaking to require W-9s (needed for DOR Collections Bureau)
- ☐ Adopt rules to require W-9s, and other rules as needed (ongoing)

## RECOMMENDATION #3

*Develop internal controls to reconcile DOR tax collections and DOA accounting adjustments*

- ☒ Hire CPA to perform and document reconciliations
- ☒ Reconcile fiscal year 2021 tax collections
- ☐ Revise reconciliation policies (underway/adoption planned by Oct 1)
- ☐ Establish MOU and training with DOR to obtain access to DOR information systems (ongoing)

## RECOMMENDATION #4

*Develop internal controls over exigency purchases (legal counsel) and contract disputes (SITSD)*

- ☒ Restructure organization to improve accounting function oversight
- ☒ Hire new Executive Director to oversee accounting and internal controls
- ☒ Hire Business Manager to oversee purchasing and contract management
- ☒ Hire CPA to serve in advisory/assurance role
- ☐ Revise procurement policies, including exigency policies and dispute resolutions (ongoing)
- ☐ Work with DOA Procurement Bureau in revising policies and procedures (ongoing)
- ☒ Designate new Agency Procurement Officer (APO)
- ☒ Send APO to DOA Procurement Bureau training
- ☒ Establish a contract with DOA to implement Total Contract Manager system (TCM)
- ☐ Implement TCM and obtain related training (ongoing)
- ☒ Establish MOU and settle the dispute with DOA/SITSD

## RECOMMENDATION #5

*Work with DOA/State Accounting to develop internal controls over note disclosure development*

- ☒ Designate the Executive Director as the person responsible for all financial reporting requirements
- ☒ Hire CPA with sufficient knowledge, skills, and abilities to provide assurance over the financial reporting process
- ☒ Work with DOA State Accounting to develop controls over note disclosures
- ☐ Develop financial reporting policy (drafting underway/adoption planned by Oct 1)
- ☒ Develop a financial reporting checklist to guide the agency through the reporting cycle
- ☒ Develop a fiscal year-end closing checklist to ensure the performance of all applicable activities
- ☒ Develop a note disclosure checklist to ensure the development of all appropriate disclosures
- ☒ Ensure appropriate resources are available to legal counsel and the Commission regarding its responsibilities